

## **Issue: Local Content Requirements**

**Problem statement:** Many countries have imposed either outright restrictions (wholly or on a % threshold basis) on imported renewable energy products, if incentives are to be used (ex: India and the JNNSM, Ontario) or reduced incentives, if imported products are used (ex: Turkey, Italy). While the US has opposed such restrictions in the past, should we now consider this since it appears that this trend is gaining momentum (MENA countries, LA, South Africa, etc.)?

### **Next Steps:**

- Consider Buy America type provisions or strict content % on products used in projects receiving any federal subsidy for renewables or government projects
- Work with ITA and Trade rep to identify the potential implications if such restrictions were adopted
- Explore policies to appropriately constrain US-supported aid or technical assistance (e.g. through MDBs or bilateral agreements) to recipient governments that feature LCR provisions in their RE&EE industry development programs

**Team members:** Bryan Ashley

## Issue: MARAD requirements

**Problem statement:** Under MARAD, ocean borne cargo shipped from the U.S. to a foreign customer must be shipped on a U.S. flagged vessel. Lack of availability, scheduling problems, & cost concerns push foreign customers to seek waivers from the MARAD. Once a waiver is issued the U.S. fleet loses the economic benefit and foreign customers lose the ability to finance the shipping costs (Ex-IM cannot finance foreign freight costs). Foreign competitors do not encounter similar constraints and delays, and challenging requirements are hindering the competitiveness of US exports.

### Next Steps:

- **Consider US Carrier Fund Compensation Trust:** Foreign customer can transform foreign freight costs into US costs eligible for financing, in exchange for a premium placed in a trust fund to support the US shipping industry for future non Ex-Im cargos
- **Consider Compensatory SWAP Program:** Cargo in the waiver would be financed by Ex-Im if the borrower met one of 3 conditions
- Schedule meeting with MARAD to discuss potential solutions

**Team members:** Ed Lowe

# Issue: Nat'l energy policy initiatives

**Problem statement:** U.S. policies currently in place to support clean energy domestically do not provide manufacturers with confidence that the U.S. will have the long-term sustainable demand required for them to recover the multi-million dollar investments necessary to construct new manufacturing facilities in the U.S. This lack of confidence for a sustainable market demand, as well as the financing inefficiencies caused by the current U.S. policies for RE&EE projects, are keeping renewable energy from becoming competitive with conventional energy on a \$/kwh cost of energy basis. Furthermore, our current policies pale in comparison to policies maintained by other countries.

## Next Steps:

1. Recognize that one of the fundamental objectives of U.S. national policies for RE&EE should be to bring the cost of energy from renewable sources down to competitive levels with conventional sources
2. Identify what other countries (especially major trading partners) have done to establish RE&EE deployment goals and policy mechanisms to achieve them
3. Identify policy options that would most cost-effectively create U.S. demand for clean energy products and services, reduce barriers to grid-parity and project financing, thus boosting private investment in domestic RE&EE manufacturing and reducing cost of energy from RE&EE sources
4. Narrow the scope of recommendations to focus on highest priority policy drivers
5. Conduct outreach to U.S. government (and other) experts to inform our process
6. Work with full Committee to reach agreement on detailed recommendations

**Team members:** James Bradbury, Linda Church Ciocci, Ed Lowe, Terry Fry, Joey Neuhoff, Mohammed Alam, Frank Wolak

## Issue: Nat'l energy policy initiatives

### Scope: 7 Government Policy Functions

- 1. Creating Demand** - policies to create clean energy markets through various tools, from public awareness to incentives to mandates to government procurement
- 2. Regulatory environment** - the rules of the game are clear, consistent, and relatively free of market barriers
- 3. Finance** - policy structures are clear and simple enough to make project financing attractive to investors (a range of financing options are available to developers)
- 4. RD&D** - Creating and sharing new knowledge, from basic research through commercialization
- 5. Skilled workforce development**
- 6. Creating collaborative networks** for the flow of information products and services (between public and private sectors and other stakeholders)
- 7. Developing infrastructure** - Electric grid, rail, ports, etc.

## **Next Steps:**

- Select USA/MOU workshops - format and agenda?
- How does this process begin?
- Select USA has proposed a roundtable with interested RE&EE trade associations in Spring 2012. It is in the process of re-integrating into ITA from the Office of the Secretary.
- The subcommittee could meet with Select USA in early CY12 to discuss workshop format or other aspects of refining the FDI Recommendation.

## OPIC: Stretch of Mandate and Execution

### Next Steps:

- OPIC Instruments and their format and can we help design some drift towards equity that does not violate the charter?
- Mezzanine finance is one possibility
- Can OPIC Board meet more frequently?
- Can it be a requirement of OPIC sponsored funds to consider US exports?
- The next action item is to review nature of OPIC finance instrument and whether they can offer mezzanine
- Work with John Moran at OPIC.
- “Speed of government” is an issue on the trade subcommittee call so consider joint subcommittee work on this.

# Commercialization Roadmaps

## Next Steps:

- Commercialization Roadmaps - comparison to other countries
- Which sector can we use as a comparison template to identify US weaknesses and their correction?
- Tidal/Wave energy will be one starting point Committee (Trey Taylor) to map out Germany and possibly one Scandinavian country as a comparison template